## REMARKS

In the final Office Action[1] dated July 19, 2007, the Examiner rejected claims 1-12, 14-28, 30-40, 42-58, 60-88 and 90-120 under 35 U.S.C. § 103(a) as allegedly unpatentable over *Sears* ("Sears Tests Starter Card," Card Fax News Brief) in view of U.S. Patent No. 6,018,718 to Walker et al. ("*Walker*"). Based on the following remarks, Applicants respectfully traverse the rejections.

### I. The Telephonic Interview of August 15, 2007

Applicants would like to thank the Examiner for the telephone interview of August 15, 2007 with Applicants' representative. Applicants' representative discussed a number of issues regarding the final Office Action. A summary of the interview is outlined below, in connection with previous arguments presented in the Response filed April 20, 2007.

#### A. Claim 19

Claim 19 recites a method for providing a credit account to a customer, comprising, *inter alia*, "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account." In the final Office Action, the Examiner relies on *Sears* as allegedly disclosing this subject matter of claim 19 (Office Action at p. 28). *Sears* discloses targeting a low credit line starter card toward consumers with "very thin" or "nonexistent" credit histories (*Sears*, ¶ 1). *Sears* customers with "nonexistent" credit

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[1] The Office Action contains a number of statements reflecting characterizations of the related art and the claims. Regardless of whether any such statement is identified herein, Applicants decline to automatically subscribe to any statement or characterization in the Office Action.

histories necessarily do not have "existing credit histories," leaving only the customers with "very thin" credit histories to possibly correspond to the claimed customers. However *Sears* is silent as to whether the customers with the "very thin" credit histories have previously applied for the *Sears* account. The Examiner agreed, during the interview, that *Sears* does not disclose such a feature.

However, in the interview, the Examiner characterized the claimed determining step as "descriptive" and "not functional." In support of this position, the Examiner alleged that there is no functional difference between determining customers who have previously applied for a card and determining customers who have not previously applied for a card. Applicants disagree. Determining a group of customers who have not previously applied for a standard credit account results in a group of customers who could not otherwise be provided such an account. Moreover, claim 19 recites additional steps taken with respect to the determined customers, such as "ranking the customers" and "providing a starter credit account to each customer." Such limitations must be read in conjunction with the claimed "determining" in order to properly evaluate the claim. Therefore, the Examiner's position that the claimed determining step is merely "functional" is incorrect.

Applicants were unable to reach an agreement with the Examiner with respect to claim 19. However, at Applicants' representatives' request, the Examiner agreed to discuss this issue with his supervisor. Applicants again respectfully request that the Examiner do so, and anticipate the allowance of claim 19.

**B. Claim 37**

Claim 37 recites a process for monitoring a starter credit account including, *inter alia*, "a process for resetting the trial period when the activity reflects that the customer has not met the predetermined criteria." The Examiner concedes that *Sears* and *Walker* both fail to disclose this recitation of claim 37 (Office Action at p. 17).

In the final Office Action, the Examiner relies on Official Notice in rejecting claim 37 (Office Action at p. 17). The Official Notice is carried over from a previous final Office Action mailed July 19, 2006, at p. 18. Applicants traversed the Examiner's taking of Official Notice on pages 54-55 of the Amendment filed December 19, 2006. In the Office Action mailed January 29, 2007, the Examiner did not respond to Applicants' traversal of the Official Notice. Applicants again traversed the Official Notice on p. 16 of a Reply to Office Action filed April 20, 2007. In the final Office Action, the Examiner again did not respond to Applicants' traversal. In the interview, the Examiner agreed that the failure to respond to the traversal was improper, and agreed to address this issue upon receiving this response.

**C. Claim 42**

In the final Office Action, the Examiner rejected claim 42 for "the same art and rationale as in the rejection of claim 10" (Office Action at p. 29). However, as previously pointed out by Applicants, claim 42 contains a number of recitations not found in claim 10 (Reply to Office Action filed April 20, 2007 at p. 13). Claim 42 contains such recitations as "starting a second trial period and modifying the starter credit account parameters to be more favorable if the customer has satisfied the predetermined criteria during the trial period" (emphasis added). In contrast, claim 10 recites a "trial period,"

but does not recite a "second trial period." The Examiner has not addressed the claimed "second trial period" in the final Office Action. Moreover, this deficiency is carried over from the Final Office Action mailed July 19, 2006 at p. 9, and Applicants have previously noted this deficiency both in the Reply to Office Action filed April 20, 2007 at p. 13, and in the Amendment filed December 19, 2006 at pp. 50-52.

In the interview, Applicants' representative referred the Examiner to this deficiency in the final Office Action. The Examiner alleged, without prior art support, that any system that could implement a transition from a trial period to a standard account could also implement such a transition from a first trial period to a second trial period. Applicants' representative disagreed because in the first instance, based on the Examiner's example, the customer would be have a standard account once the trial period ends, as opposed to the claimed invention that requires a second trial period, as recited in claim 42. Applicants' representative also pointed out a number of other recitations present in claim 42 are not found in claim 10, including "second predetermined criteria" and "modifying the starter credit account parameters to be more favorable" (emphasis added). Applicants maintain that the rejection of claim 42 is legally deficient for at least the above-noted reasons.

Applicants were unable to reach an agreement with the Examiner with respect to claim 42. However, at Applicants' representatives' request, the Examiner agreed to discuss this issue with his supervisor. Applicants again respectfully request that the Examiner do so, and anticipate the allowance of claim 42.

**D. Claim 76**

Claim 76 recites a computer-readable medium including, *inter alia*, instructions for performing a method including "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account" (emphasis added). In the final Office Action, the Examiner concedes that *Sears* does not disclose the claimed second interest rate (Office Action at p. 22), but relies on *Walker's* disclosure of a "reduced APR" (Office Action at p. 30).

In the interview, Applicants' representative explained that a "reduced APR" is not the same as a change "to a third interest rate that is higher than the first interest rate," and the Examiner conceded that *Walker* does not disclose this recitation of claim 76. The Examiner agreed to remedy this deficiency upon receiving this response after final.

**II. The Rejections Under 35 U.S.C. § 103(a)**

**A. Claims 1-9, 30-36, 47-55, 77-85, and 118-120**

Claim 1 recites a method for providing a credit account to a customer, comprising, *inter alia*, "modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account." The Examiner concedes that *Sears* does not disclose this recitation of claim 1 (Office Action at p. 3).

However, the Examiner asserts that *Walker* discloses this recitation (Office Action at p. 3-4). In support of this position, the Examiner cites to portions of *Walker* disclosing a first performance target which, if achieved by a cardholder during a first period, will garner the cardholder a reward based on a first set of reward terms (*Walker*, col. 11, lines 19-32). *Walker* further discloses a second period in which a second

performance target is created based on the cardholder's performance value, and a second set of reward terms are created (*Walker*, col. 11, lines 24-32). However, *Walker* does not teach or suggest modifying the duration of either the first or second period based on the cardholder's activities. *Walker*, therefore, fails to teach or suggest the claimed "modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 1. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 1 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 30, 47, and 77 each includes recitations similar to those discussed above with respect to claim 1. As explained, the cited art does not support the rejection of claim 1. As such, the cited art does not support the rejection of claims 30, 47, and 77 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 30, 47, and 77 be withdrawn and the claims allowed.

Claims 2-9 and 118 depend from claim 1. Claims 31-36 depend from claim 30. Claims 48-55 and 119 depend from claim 47. Claims 78-85 and 120 depend from claim 77. As explained, the cited art does not support the rejection of claims 1, 30, 47, and 77. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection

of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

**b. The Rejection of Claims 10-12, 14-18, 57, 58, 60-64, 87, 88, and 90-94**

Claim 10 recites a method for providing a credit account to a customer, comprising, *inter alia*, "notifying the customer of unsatisfied predetermined criteria during the trial period" (emphasis added). The Examiner concedes that *Sears* does not disclose this recitation of claim 10 (Office Action at p. 9).

However, the Examiner asserts that *Walker* discloses this missing feature (Office Action at p. 9). Applicants disagree. *Walker* discloses a target period including a performance target and reward terms for a cardholder (*Walker*, col. 9, lines 44-55), and at the end of the target period, a determination is made as to whether the performance target has been met (*Walker*, col. 10, lines 3-5). However, *Walker* does not disclose that the determination is made during the trial period. Moreover, *Walker* does not disclose notifying the cardholder of any unsatisfied criteria during the target period. *Walker*, therefore, fails to teach or suggest the claimed "notifying the customer of unsatisfied predetermined criteria during the trial period" (emphasis added)."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 10. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 10 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 56 and 86 each include recitations similar to those of claim 10. As explained, the cited art does not support the rejection of claim 10. As such, the cited art

does not support the rejection of claims 56 and 86 for at least the same reasons set forth in connection with the response to the rejection of claim 10. Applicants therefore request that the rejection of claims 56 and 86 be withdrawn and the claims allowed.

Claims 11, 12, and 14-18 depend from claim 10. Claims 57, 58, and 60-64 depend from claim 56. Claims 87, 88, and 90-94 depend from claim 86. As explained, the cited art does not support the rejection of claims 10, 56, and 86. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

**c. The Rejection of Claims 19-27, 65-73, and 95-103**

Claim 19 recites a method for providing a credit account to a customer, comprising, *inter alia*, "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

*Sears* discloses targeting a low credit line starter card toward consumers with "very thin" or "nonexistent" credit histories (*Sears*, ¶ 1). The Examiner indicates that this disclosure teaches the claimed group of customers (Office Action at p. 10). However, as discussed above, the customers in *Sears* with "nonexistent" credit histories cannot correspond to the claimed group of customers, because the claimed customers have existing credit histories, and *Sears* does not describe whether the customers with "very thin" credit histories have previously applied for a *Sears* account. Therefore, the mere

mention of "very thin" credit histories does not teach or suggest a group of customers who "have not previously applied for the standard credit account," as recited in claim 19.

As *Sears* does not expressly a group of customers who "have not previously applied for the standard credit account," the Examiner appears to be relying upon a theory of inherency to support the rejection. However, MPEP § 2112 (IV) states: "In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." The Examiner has given no persuasive reason why *Sears* necessarily discloses that the customers with very thin credit histories have not previously applied for a *Sears* account. Indeed, it is quite likely that these customers were targeted by *Sears* precisely because their applications for standard *Sears* accounts were denied. *Sears* suggests as much, stating that the new approach will "'undoubtedly' save many of those denied applicants who did not fit into *Sears'* existing modeling programs." (*Sears*, ¶ 3). Thus, *Sears* does not teach or suggest, explicitly or inherently, "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

*Walker* fails to cure the deficiencies of *Sears*. Indeed, *Walker* is silent as to a group of customers with existing credit histories who have not previously applied for a standard credit account. *Walker*, therefore, fails to teach or suggest "determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account."

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 19. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 19 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 65 and 95 each includes recitations similar to those of claim 19. As explained, the cited art does not support the rejection of claim 19. As such, the cited art does not support the rejection of claims 65 and 95 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 65 and 95 be withdrawn and the claims allowed.

Claims 20-27 depend from claim 19. Claims 66-73 depend from claim 65. Claims 96-103 depend from claim 95. As explained, the cited art does not support the rejection of claims 19, 65, and 95. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

**d. The Rejection of Claims 28, 74, 75, 104, and 105**

Claim 28 recites a method for providing credit accounts, comprising, *inter alia*, "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments"

(emphasis added). The Examiner concedes that *Sears* does not disclose this recitation of claim 1 (Office Action at p. 13).

However, the Examiner asserts that *Walker* discloses this recitation (Office Action at p. 13). As explained above, *Walker* discloses providing rewards to customers based on performance targets. The Examiner alleges that *Walker's* rewards correspond to the claimed third credit limit (Office Action at p. 13). However, *Walker* does not disclose that any of the rewards involve changing a cardholder's credit limit. *Walker*, therefore, fails to teach or suggest the claimed "notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information reflecting that the third credit limit is obtainable by making a predetermined number of consecutive on time payments" (emphasis added).

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 28. Accordingly, because the Examiner has not established a *prima facie* case of obviousness, the rejection of claim 28 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 74 and 104 each include recitations similar to those of claim 28. As explained, the cited art does not support the rejection of claim 28. As such, the cited art does not support the rejection of claims 74 and 104 for at least the same reasons set forth in connection with the response to the rejection of claim 28. Applicants therefore request that the rejection of claims 74 and 104 be withdrawn and the claims allowed.

Claim 75 depends from claim 74. Claim 105 depends from claim 104. As explained, the cited art does not support the rejection of claims 74 and 104. As such,

the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

**e. The Rejection of Claims 42-46, 107-111, and 112-116**

The rejection of claims 42-46, 107-111, and 112-116 is legally deficient because the Examiner failed to address the recitations the claims. As discussed above, the Examiner rejects claim 42 for the same reason as claim 10, and fails to address each of the recitations of claim 42, such as a "second trial period" (Office Action at p. 29).

37 C.F.R. § 1.104(c) requires the Examiner to provide more than merely stating a reference meets the limitations of a rejected claim. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified." 37 C.F.R. § 1.104(c)(2). In this case, the Examiner improperly ignores the recitations of claim 42, such as the "second trial period." As such, the Examiner's rejection of this claim under 35 U.S.C. § 102(b) does not meet the requirements of 37 C.F.R. § 1.104, and thus is improper. Further, to establish *prima facie* case of obviousness under 35 U.S.C. § 103(a), the Examiner must show, *inter alia*, that the applied references teach or anticipate each and every element recited in the claim. Here, by ignoring some of the recitations of claim 42, the Examiner has failed to show how the cited art teaches the recitations of this claim. As a result, the rejection of each of claim 42 does not meet the requirements 35 U.S.C. § 103(a), and thus is improper.

The rejection of claims 42, 45, 46, 107, 110, 111, 112, 115, and 116 is legally deficient because the Examiner has improperly relied on principles of inherency. In addressing claim 43, which depends from claim 42, the Examiner states "if, during the first trial, *Sears* starter credit cardholders fail to meet this predefined criterion, it is common sense to know that these cardholders would be subject to the same predefined criterion if they fail to meet in the first trial ... (this is what second chance is all about)" (Office Action at p. 18).

Because *Sears* and *Walker*, taken alone or in combination, do not teach or suggest each and every recitation of claim 42, and because the Examiner has failed to address all the recitations of claim 42, the rejection of claim 42 under 35 U.S.C. § 103(a) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 107 and 112 each includes recitations similar to those of claim 42. As explained, the cited art does not support the rejection of claim 42. As such, the cited art does not support the rejection of claims 107 and 112 for at least the same reasons set forth in connection with the response to the rejection of claim 42. Applicants therefore request that the rejection of claims 107 and 112 be withdrawn and the claims allowed.

Claims 43- 46 depend from claim 42. Claims 108-111 depend from claim 107. Claims 113-116 depend from claim 112. As explained, the cited art does not support the rejection of claims 42, 107, and 112. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims.

Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

**f. The rejection of claims 37-40**

Claim 37 recites a process for monitoring a starter credit account including, *inter alia*, "notifying customers of an increased credit limit that will be provided to the customer if the customer satisfies predetermined criteria." The Examiner concedes that *Sears* does not disclose this recitation of claim 37 (Office Action at p. 16).

However, the Examiner asserts that *Walker* discloses this missing feature, again relying on *Walker's* rewards as corresponding to the claimed credit limit (Office Action at p. 16). However, as discussed above with respect to claim 28, *Walker* does not disclose that any of the rewards involve changing a cardholder's credit limit. *Walker*, therefore, fails to teach or suggest the claimed "notifying customers of an increased credit limit that will be provided to the customer if the customer satisfies predetermined criteria."

As discussed above, the Examiner relies on Official Notice in rejecting claim 37 (Office Action at p. 18). The Official Notice is carried over from the final Office Action at p. 18. Applicants traversed the Examiner's taking of Official Notice on pages 54-55 of the Amendment. To date, the Examiner has not responded to Applicants' arguments on this issue, which is improper (See e.g., 37 C.F.R. §1.104(c)).

Accordingly, the Examiner has not shown that the cited art, either alone or in combination, teach or suggest the recitations of claim 37. Moreover, the rejection is legally deficient because the Examiner has improperly taken Official Notice, and has not responded to Applicants' arguments on this issue. Accordingly, because the Examiner

has not established a *prima facie* case of obviousness, the rejection of claim 37 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 38-40 depend from claim 37. Accordingly, the rejection of these claims is deficient for at least the same reasons set forth above in connection with claim 37.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 37-40 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

**g. The rejection of claim 76, 106, and 117**

Claim 76 recites a computer-readable medium including, *inter alia*, instructions for performing a method including "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account" (emphasis added).

As discussed above, the Examiner concedes that *Sears* fails to teach this recitation of claim 76, but alleges that *Walker* discloses "changing the second interest rate to a third interest rate that is lower than the first interest rate" (emphasis added) (Office Action at pp. 22-23). As discussed above, the Examiner has incorrectly interpreted claim 76. Moreover, *Walker* fails to teach or suggest the claimed "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account."

Accordingly, the Examiner has not demonstrated that the cited art, either alone or in combination, teach or suggest the recitations of claim 76. Because the Examiner

has not established a *prima facie* case of obviousness, the rejection of claim 76 under 35 U.S.C. § 103(a) is legally deficient and should be withdrawn and the claim allowed.

Claims 106 and 117 each includes recitations similar to those of claim 76. As explained, the cited art does not support the rejection of claim 76. As such, the cited art does not support the rejection of claims 106 and 117 for at least the same reasons set forth in connection with the response to the rejection of claim 76.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 76, 106, and 117 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

## III. Conclusion

In view of the foregoing amendments and remarks, Applicants respectfully request reconsideration and reexamination of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

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Dated: August 30, 2007

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